

ITEL
CORPORATION
RAIL DIVISION

August 28, 1978

Hon. H. G. Homme
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Sir:

Enclosed for filing with and recording by the Interstate Commerce Commission are five counterparts of an Equipment Lease Agreement dated as of August 15, 1978 between Itel Corporation, acting through its Rail Division, Two Embarcadero Center, San Francisco, California, 94111, and Pittsburgh National Bank, Fifth and Wood Streets, Pittsburgh, Pennsylvania, 15222, covering the following railroad equipment:

50 70-ton, 89'4" Flatcars (AAR Mechanical Designation FC), bearing the identifying numbers PW 105001-PW 105050, both inclusive.

Identifying marks on all of the foregoing equipment: The words, "PROPERTY OF AND LEASED FROM PITTSBURGH NATIONAL BANK UNDER A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c," printed on each side of each unit.

The enclosed document relates to that certain lease agreement dated as of January 14, 1977 between Providence and Worcester Company, One Depot Square, Woonsocket, Rhode Island, 02895, and Itel Corporation, acting through its Rail Division (successor in interest to SSI Rail Corp.), which agreement was filed with the Interstate Commerce Commission on January 21, 1977 at 2:30 p.m. and assigned recordation number 8669.* We would appreciate your cross-referencing the enclosed document to file 8669.*

Also enclosed is our check in the amount of \$50, payable to the Interstate Commerce Commission, being the prescribed fee for filing and recording the foregoing document.

Please return all additional copies of the enclosed counterparts not required by the Interstate Commerce Commission to David Schwartz, Esq., of Sullivan and Worcester, who will be delivering this letter on our behalf.

Very truly yours,

Edward P. Schneider
Edward P. Schneider
Vice President-Treasurer

TWO EMBARCADERO CENTER
SAN FRANCISCO
CALIFORNIA 94111
(415) 955-9090
TELEX 34-234

8-242#060

AUG 30 1978

Fee \$ 60

ICC Washington, D. C.

RECORDATION NO. *8669-1* Filed & Recorded

AUG 30 1978 2 44 PM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. *9663-A* Filed & Recorded

AUG 30 1978 2 45 PM

INTERSTATE COMMERCE COMMISSION

RECEIVED
AUG 30 2 44 PM '78
I.C.C.
FEE OPERATION BR.

* In addition, a copy of the enclosed Equipment Lease Agreement should be cross-filed with that certain Interim Purchase Money Security Agreement between ACF Industries, Inc., and Itel Corporation-Rail Division, filed August 25, 1978 at 2:10 P.M. with the Commission and assigned recordation number 9663. Our check for \$10 to cover this particular cross-filing is enclosed.

Interstate Commerce Commission
Washington, D.C. 20423

8/30/78

OFFICE OF THE SECRETARY

Edward P. Schneider
Vice Pres. -Treasurer
Two Embarcadero Center
San Francisco, Calif. 94111

Dear

Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on at
and assigned recordation number(s) **8/30/78 2:45pm**

8669-I & 9663-A

Sincerely yours,

H.G. Homme, Jr.,
Acting Secretary

Enclosure(s)

SE-30-T
(2/78)

RECORDATION NO. ~~8662~~ *8662*

AUG 30 1978 -2 45 PM

RECORDATION NO. *8662*

Filed & Recorded

AUG 30 1978 -2 45 PM

~~UNITED STATES COMMERCE COMMISSION~~ EQUIPMENT LEASE AGREEMENT

~~UNITED STATES COMMERCE COMMISSION~~

EQUIPMENT LEASE AGREEMENT dated as of August 15, 1978, between PITTSBURGH NATIONAL BANK, a national banking association (the "Lessor"), and ITEL CORPORATION, a Delaware corporation, acting through its Rail Division, (the "Lessee").

W I T N E S S E T H:

WHEREAS, concurrently herewith the Lessee has assigned to the Lessor its interests under purchase orders with the manufacturer pursuant to which the Lessee was to purchase the railroad equipment described in Schedule A hereto (hereinafter called the "Cars"); and

WHEREAS, the Lessee desires to lease the Cars from the Lessor, at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter set forth and intending to be legally bound, Lessor and Lessee hereby agree as follows:

1. Acceptance and Lease of Cars. Lessor hereby agrees to lease the Cars to Lessee and Lessee hereby agrees to lease the Cars from Lessor, all upon the terms and condi-

tions hereinafter contained. The Lessor will cause the Cars to be delivered to the Lessee at the times and at the point or points specified in Schedule A hereto. Immediately upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Cars are found to be in good order, to accept delivery of the Cars on behalf of the Lessor and to execute and deliver to the Lessor a Certificate of Acceptance in substantially the form attached hereto as Schedule B, whereupon such Cars will be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. In no event shall the Lessee place in service or otherwise use any Car prior to the Lessee's acceptance of the Cars hereunder.

2. Term. The basic Lease term shall commence on the date specified in Schedule A and shall continue for the period specified as the "term" in such schedule. If such term be extended, the word "term" or "period" as used in this Lease shall be deemed to refer to the extended term, and all provisions of this Lease shall apply during and until the expiration of such extended period, except as may be otherwise specifically provided in this Lease or in any subsequent written agreement of the parties.

3. Rent, Net Lease. The quarterly rent for the Cars shall be in an amount equal to 2.4987% of the invoice purchase price of the Cars (the "Purchase Price") and shall be payable in 60 consecutive quarterly installments in arrears, the first such payment to be made on January 15, 1979 (the "First Basic Rent Date") for the period from and including October 15, 1978 (the "Basic Term Commencement Date") to and including the First Basic Rent Date, all as more fully set forth in Schedule A hereto.

In addition to the above-described rent, the Lessee shall pay the Lessor interim rent for each Car for the period prior to the Basic Term Commencement Date, calculated at the rate of .027763% of the cost of each such Car per day, commencing on the date upon which the Lessor pays the manufacturer for such Car (hereafter the "Closing Date") and terminating with and payable on the Basic Term Commencement Date.

Anything to the contrary herein notwithstanding, any nonpayment of rentals or other obligations hereunder shall result in the obligation on the part of the Lessee to pay an additional amount equal to 10 percent per annum on the overdue amount for the period of time during which the same is overdue.

This Lease is a net lease and, subject to the terms of Section 21 hereof, the rent and other amounts due hereunder shall not be subject to any defense, claim, reduction, set-off, or adjustment for any reason whatsoever except to the extent expressly provided in Section 9 or in Section 12; nor, except as provided in Section 9 or as otherwise expressly provided herein, shall this lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Cars from whatsoever cause, the taking or requisition of the Cars by condemnation or otherwise, the lawful prohibition of Lessee's use or the use by any sublessee of the Cars, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

All payments provided for in this Lease to be made to the Lessor shall be made to the Lessor at its office at the Leasing Department, 8th floor, 5th and Wood Streets, Pittsburgh, Pennsylvania 15222, or at such other place as the Lessor shall specify in writing.

4. Lessee's Representations and Warranties.

Lessee represents and warrants that:

(a) Lessee is a corporation duly organized and existing in good standing under the laws of the State of Delaware and is duly qualified to do business where Lessee's failure to qualify would adversely affect its ability to perform under this Lease or materially and adversely affect Lessee's financial condition;

(b) This Lease has been duly authorized by all necessary corporate action on the part of Lessee, does not require any shareholder approval and does not contravene Lessee's Certificate of Incorporation or By-Laws or any indenture, credit agreement or other contractual agreement to which Lessee is a party or by which it is bound;

(c) Neither the execution and delivery by Lessee of this Lease nor any of the transactions by Lessee contemplated hereby require any notice to or consent or approval by or filing with any government agency or authority within the United States of America, except for the filing, registering or recording of this Lease in conformity with Section 20c of the Interstate Commerce Act;

(d) This Lease constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except as the enforcement hereof may be limited by laws relating to bankruptcy, insolvency or creditors' rights generally or by laws or judicial

decisions limiting the right of specific performance;

(e) There are no pending or threatened actions or proceedings before any court or administrative agency which may materially adversely affect Lessee's financial condition or operations; and

(f) The audited consolidated balance sheet of Lessee and its subsidiaries as of December 31, 1977 and the related statement of income and retained earnings for the fiscal year then ended (copies of which have been furnished to Lessor) correctly set forth Lessee's consolidated financial condition as of such dates and the results of its operations for such periods, and since such date there has been no material adverse change in such condition or operations.

5. Conditions Precedent to Lessor's Obligation to Close. The obligations of the Lessor hereunder shall be subject to the satisfaction of the following conditions:

(a) The Cars shall be received by the Lessor from the manufacturer in conformance with the terms of the purchase agreement in connection therewith.

(b) The Lessor shall have received from Dan Dominguez, Vice President-Engineering for the Lessee, or from a person of similar standing and experience an estimate of the fair market value of the Cars at the expiration of the original term of their Lease and such fair market value shall be satisfactory to the Lessor in its sole discretion.

(c) Concurrently with the execution and delivery of this Lease, the Lessor shall have received a favorable written opinion of counsel for the Lessee, in form and substance satisfactory to the Lessor to the effect that (i) the Lessee is a corporation legally

incorporated and validly existing in good standing under the law of its jurisdiction of incorporation with full corporate power to enter into this Lease, (ii) this Lease has been duly authorized, executed and delivered by the Lessee and constitutes a valid, legal and binding agreement of the Lessee enforceable in accordance with its terms, except as the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or creditors' rights generally; (iii) except for filing, registering or recording the Lease in conformity with Section 20c of the Interstate Commerce Act, no filing, recording or depositing with any government agency or authority is necessary in connection with this Lease to protect the Lessor's title to the Cars in the United States of America; (iv) no approval is required from any public regulatory body with respect to the entering into or performance of this Lease; and (v) the entering into and performance of this Lease by the Lessee will not result in any breach of, or constitute a default under, or result in the creation of any lien, charge or encumbrance of any nature whatsoever under any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which the Lessee may be bound. Counsel for the Lessee may limit its opinion to the laws of the State of California and of the United States of America and may rely on the opinion of counsel for the Lessor referred to in Section 6 hereof with regard to the law of the Commonwealth of Pennsylvania. In giving its opinions as to enforceability, such counsel may state that it assumes that the Lessor will seek to enforce its rights only in circumstances and in a manner in which it would be commercially reasonable to do so and that such opinion does not imply any opinion as to the availability of equitable remedies.

(d) Concurrently with the execution and delivery of the Lease, the Lessee will cause to be delivered to the Lessor a copy of the resolutions of the Board of Directors of the Lessee, certified by its Secretary or Assistant

Secretary, duly authorizing the execution, delivery and performance of this Lease together with incumbency certificates as to the persons authorized to execute and deliver this Lease and the related documents thereunder.

(e) The Lessee shall provide an Insurance Certificate in form and substance satisfactory to the Lessor certifying the existence of the policies and coverage required under Section 10 hereof.

(f) This Lease shall have been duly filed, recorded and deposited in conformity with Section 20c of the Interstate Commerce Act.

6. Conditions Precedent to Lessee's Obligation to Close. The obligations of the Lessee hereunder shall be subject to the receipt of a favorable written opinion of counsel for the Lessor, in form and substance satisfactory to the Lessee to the effect that (i) the Lessor is a national banking association legally formed and validly existing under the laws of the United States of America with full power to enter into this Lease; (ii) this Lease has been duly authorized, executed and delivered by the Lessor and constitutes a valid, legal and binding agreement of the Lessor enforceable in accordance with its terms, except as the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or creditors' rights generally or by laws or judicial decisions limiting the right of specific performance; and (iii) no approval is required from any

public regulatory bodies with respect to the entering into or performance of this Lease by Lessor, except for filing, registering or recording of the Lease in conformity with Section 20c of the Interstate Commerce Act.

7. Identification Marks. The Lessee will cause the Cars to be kept numbered with the identifying numbers set forth in Schedule A and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each such Car, in letters not less than one inch in height, the words "Property of and leased from Pittsburgh National Bank subject to an agreement filed under the Interstate Commerce Act, Section 20c" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Car and its rights under this Lease. The Lessee will not permit any Car to be placed in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Car except with the consent of the Lessor and in accordance with a statement of new

identifying numbers to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee; provided, however, that, in addition to such identifying number, the Lessee may cause to be placed on each Car in such position as not to be confused with the identifying number thereon a reporting number identifying such Car for reporting and operating purposes, which reporting number may be changed by the Lessee from time to time without the consent of the Lessor or the filing, recording, registering and depositing of any instrument.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Cars as a designation that might be interpreted as a claim of ownership. Subject to the foregoing, the Lessee may cause the Cars to be lettered with the names or initials or other insignia used by the Lessee or any sublessee or their respective affiliates on railroad equipment used by it of the same or similar type for convenience of identification of the right of the Lessee or any sublessee to use the Cars under this Lease.

8. Taxes. The Lessee agrees that, during the continuance of this lease, in addition to the rentals herein provided, it will promptly pay all taxes, assessments and

other governmental charges (together with any penalties, fines or interest thereon), including but not limited to sales or use taxes, levied or assessed upon the Cars or the interest of the Lessee in the Cars subject to this Lease or any portion of such Cars or upon the use, operation or leasing thereof or the rentals or earnings arising therefrom and will promptly pay or reimburse the Lessor for all taxes, assessments and other governmental charges levied or assessed against the Lessor on account of its acquisition or ownership of such Cars or any portion thereof or on account of the use, operation or leasing thereof or on account of the rentals or earnings arising therefrom (excluding, however (a) any United States Federal income tax payable by the Lessor in consequence of the receipt of payments provided for herein and (b) the aggregate of all state or local taxes measured by net income based on such receipts, up to the amount of any such taxes based on such receipts which would be payable to the state and locality in which the Lessor has its principal place of business without apportionment to any other state, but including any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided and any and all other federal, state or other taxes imposed on the Lessor), including but

not limited to any sales or use taxes payable on account of the acquisition or ownership of the Cars or any portion thereof by the Lessor or on account of the leasing of the Cars hereunder; but the Lessee shall not be required to pay the same so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the reasonable opinion of the Lessor, the rights or interests of the Lessor will be materially endangered. In the event any tax reports are required to be made on the basis of individual Cars, the Lessee will either make such reports in such manner as to show the ownership of such Cars by the Lessor or will notify the Lessor of such requirement and will make such report in such manner as shall be satisfactory to the Lessor; provided, however, that if the Lessee is not permitted to make such reports on behalf of the Lessor, it will so notify the Lessor and will furnish to the Lessor information necessary for the Lessor to make such reports with respect to the Cars.

All of the agreements contained in this Section 8 shall survive and continue in full force and effect notwithstanding termination of this Lease or of the lease of any or all Cars hereunder.

9. Payment for Casualty Occurrence or Cars Unserviceable for Use. In the event that any Car shall be or become worn-out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, obsolete or economically unserviceable for use from any cause whatsoever (such occurrences being hereinafter called "Casualty Occurrences") during the term of this Lease, the Lessee shall promptly (after it has knowledge of such Casualty Occurrence) and fully inform the Lessor in regard thereto. On the next succeeding rental payment date, the Lessee shall pay to the Lessor a sum equal to the Casualty Value (as defined in Schedule C hereto) of such Cars as of the date of such payment, in accordance with Schedule C. Upon making such payment, in respect of any such Car, (i) rent on such Car shall cease to accrue, (ii) title to such Car shall automatically pass to the Lessee WITHOUT ANY REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, ON THE PART OF LESSOR, and (iii) the term of lease of such Car shall end.

The Lessee shall bear the risk of any Casualty Occurrence and, except as hereinabove in this Section 9 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Car.

10. Insurance. Lessee shall at all times during the term of this Lease carry and maintain or cause to be

carried or maintained on the Cars insurance in the same kind, amounts and form and with the same company as other railroad cars leased by the Lessee are customarily insured as of the date hereof or such other insurance as shall be mutually satisfactory to the parties hereto. Evidence of such coverage shall be delivered to Lessor concurrently with the acceptance by Lessee of the Cars under this Lease. Thereafter, Lessee will deliver to Lessor all certificates of insurance issued in accordance with the terms and conditions as set forth above. Lessee will cause its insurers to advise Lessor in writing promptly in the event such insurance is as a result of any default in payment or premium or any other act or omission invalidated or rendered unenforceable in whole or part. All insurance policies and coverage required under the terms of this Lease shall provide for not less than thirty days' notice to Lessor at the address stated herein, in the event of reduction, termination or cancellation of insurance by Lessee or its insurers. In the event that Lessee shall fail to maintain insurance as herein provided, Lessor may, at its option, provide such insurance and, in such event, Lessee shall upon demand, reimburse Lessor for the cost thereof. All such insurance shall name Lessor as one of the insured.

11. Reports. Lessee shall furnish to Lessor: (i) as soon as available but in any event within 120 days after each fiscal year of Lessee, a copy of its consolidated statement of income and retained earnings for such year and consolidated balance sheet as at the end of such year, in each case setting forth in comparative form the corresponding figures for the preceding fiscal year, all in reasonable detail and certified by independent public accountants; (ii) on or before April 1 in each year commencing with the year 1979, an accurate statement, as of the preceding fiscal year (a) showing the amount, description and numbers of the Cars then leased hereunder, the amount, description and numbers of all Cars that may have suffered a Casualty Occurrence during the preceding fiscal year (or since the date of this Lease, in the case of the first such statement); and such other information regarding the condition and state of repair of the Cars as the Lessor may reasonably request, and (b) stating that, in the case of all Cars repainted during the period covered by such statement, the markings required by Section 7 hereof shall have been preserved or replaced; (iii) copies of any approvals by or documents filed with the Interstate Commerce Commission or any other government agency or department in connection with the subleasing of the Cars; and (iv) such other information

relating to the Cars or the financial condition of the Lessee as the Lessor shall reasonably request.

The Lessor shall have the right (but shall not be obligated), at its sole cost and expense, by its authorized representatives, to inspect the Cars and the Lessee's records with respect thereto, at such reasonable times as it shall deem necessary, to confirm to the Lessor the existence and proper maintenance thereof during the continuance of this Lease. During all such inspections the representatives of the Lessor shall be entitled to the standard of care owed a business invitee and shall be entitled to recover from the Lessee for any injury or damage caused by the negligence or willful misconduct of the Lessee or, to the extent not otherwise covered in full by a sublessee's insurance, of any sublessee.

12. Maintenance; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, FITNESS FOR ANY PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE CARS DELIVERED TO THE LESSEE HEREUNDER, but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the

name of and for account of the Lessor and/or the Lessee, as their interests may appear, whatever claims and rights the Lessor may have, as Owner, under any express or implied warranties of any manufacturer or vendor.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Car which is subject to this Lease in good order and repair, ordinary wear and tear excepted. The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including when applicable the rules of the Interstate Commerce Commission and the current Interchange Rules, or supplements thereto, of the Association of American Railroads) with respect to the use, maintenance and operation of each Car subject to this Lease. In case any equipment or appliance on any such Car shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Car in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its own expense; and the Lessee agrees to maintain such Car in full compliance with such laws, regulations, requirements and rules so long as it is subject to this Lease.

If at any time during the lease term of any Cars under this Lease, it shall be determined by the Interstate

Commerce Commission or by the Association of American Railroads that any of such Cars do not conform to the respective standards, specifications and requirements of either of the two entities named in this paragraph, Lessor may, at its option, upon 30 days' notice to Lessee, declare terminated the lease of such nonconforming Cars if Lessee does not agree in writing within said 30-day period to correct such non-conformity at its sole cost and expense. If the Lessee so agrees, it shall effect such correction within 120 days from the date of such notice or such longer period as may be permitted by the Interstate Commerce Commission or the Association of American Railroads, but in any event prior to the expiration of the term of this Lease. Upon a declaration of termination under this Section, Lessee shall pay to Lessor on the next succeeding rental payment date the Casualty Value (as defined in Schedule C hereto) of such Cars as of the date of such payment, in accordance with Schedule C. Upon payment of such Casualty Value and payment of all rent accrued and unpaid on each such Car to the date of payment, (i) rent on each such Car shall cease to accrue, (ii) title to each such Car shall automatically pass to the Lessee WITHOUT ANY REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, ON THE PART OF LESSOR, and (iii) the term of lease of each such Car shall end.

Any readily removeable freight car parts installed or replacements made by the Lessee or any sublessee upon any Car which are not required in order to maintain the Cars in good working condition (reasonable wear and tear excepted) or in order to conform with the requirements of the Interstate Commerce Commission, the Association of American Railroads or similar governing entities shall be the property of the Lessee and title thereto shall be immediately vested in the Lessee. All other freight car parts installed or replacements made by the Lessee or any sublessee upon any Car shall be considered accessories to such Car and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

The Lessee agrees to indemnify and save harmless the Lessor against any charge or claim made against the Lessor, and against any expense or liability (including but not limited to reasonable counsel fees and expenses and patent liabilities) which the Lessor may incur in any manner by reason of its ownership of, or which may arise in any manner out of or as a result of the use or operation of, any Car while it is subject to this Lease, and to indemnify and save harmless the Lessor against any claim or suit arising out of the operation of such Car resulting in damage to property or injury to any person.

13. Recordation in Canada. The Lessee will endeavor in an expeditious manner to arrange for the registration of this Lease in such jurisdictions in Canada as the Lessor deems practicable for the protection of its interests.

14. Return of Cars Upon Expiration of Term. As soon as practicable on or after the expiration of the term of this Lease with respect to any Car (except any Car title to which has passed to the Lessee pursuant to Sections 9 or 12 hereof), the Lessee will, at its own cost and expense, at the request of the Lessor, cause possession of such Car to be delivered to the Lessor upon any storage tracks within 500 miles of the present rail lines of the Providence & Worcester Company as the Lessor may designate, or such other place as the parties may mutually agree, or, in the absence of such designation or agreement, as the Lessee may select, and permit the Lessor to store such Car on such tracks for a period not exceeding forty-five (45) days. The movement and storage of such Cars is to be at the expense and risk of the Lessee. During any such storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Car, to inspect, at such person's sole cost and expense, the same. During all such

inspections the representatives of the Lessor shall be entitled to the standard of care owed a business invitee and shall be entitled to recover from the Lessee for any injury or damage caused by the negligence or willful misconduct of the Lessee or, to the extent not otherwise covered in full by a sublessee's insurance, of any sublessee. The assembling, delivery and storage of the Cars as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver and store the Cars.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 14, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Car to the Lessor, to demand and take possession of such Car in the name and on behalf of the Lessee from whosoever shall be at the time in possession of such Car.

15. Default and Remedies. If during the continuance of this Lease, one or more of the following events (hereinafter sometimes called "Events of Default") shall occur:

(a) default shall be made in the payment of any part of the rental provided in Section 3 hereof and such default shall continue for 10 days;

(b) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding the same to be remedied;

(c) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Lessee a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Lessee under the Federal bankruptcy laws, or any similar applicable Federal or State law, and such decree or order shall have continued undischarged or unstayed for a period of 60 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Lessee or a substantial part of its property, or for the winding up or liquidation of its affairs, shall have remained in force undischarged or unstayed for a period of 60 days; or

(d) the Lessee shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization under the Federal bankruptcy laws, or any other similar applicable Federal or State law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of a substantial part of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or

SCHEDULE C

Casualty Occurrence
After Before
Payment Payment

Casualty Value
Due on Date of
Rental Payment
____Number____

Casualty Value
As of % of Price

corporate action shall be taken by the Lessee in furtherance of any of the foregoing actions

then, in any such case, the Lessor, at its option may

(i) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages, including reasonable attorneys' fees, for the breach thereof; or

(ii) by notice in writing to the Lessee terminate this Lease, whereupon all right of the Lessee to the use of the Cars shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Cars may be and take possession of all or any of such Cars and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Cars for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Car, which represents the excess, if any, of the then present value (discounted at 6% per annum) at the time of such termination, of all rentals for such Car which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Car over the then present value

(discounted at 6% per annum) of the then fair rental value of such Car for such period as determined by appraisal in accordance with the procedures set forth in Section 19 hereof; and (ii) any losses, damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any and all existing or future claims to any offset against the rental payment due hereunder, and agrees to make the rental payments regardless of any offset or claim which may be asserted by Lessee or on its behalf in connection with the Lease of the Cars.

The failure of Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

16. Return of Cars upon Default. If the Lessor shall terminate this Lease pursuant to Section 15 hereof,

the Lessee shall forthwith deliver possession of the Cars to the Lessor in the same manner as provided in Section 13 hereof.

17. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor.

If no Event of Default (or other event which with the giving of notice or the lapse of time or both would become an Event of Default) shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Cars in accordance with the terms of this Lease and shall be entitled to sublease (but not assign) its leasehold interest under this Lease in the Cars or any of them; provided, however, that the rights of such sublessee are made expressly subordinate to the rights and remedies of the Lessor under this Lease and that such sublessee shall make no further assignment, sublease or transfer of the Cars or any of them except for the use of the Cars upon connecting and other carriers in the usual interchange of traffic. No such permitted sublease shall relieve the Lessee of any liability or obligation hereunder which shall be and remain that of a principal and not a surety. The

Lessee, at its own expense, will promptly cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor not related to the ownership of the Cars) which may at any time be imposed on or with respect to any Car including any accession thereto or the interests of the Lessor or the Lessee therein unless such lien shall be the result of the negligence or wrongful act of the Lessor. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Cars, except to the extent permitted by the provisions of this paragraph.

In the event of any such sublease to a railroad subject to the Interstate Commerce Act, the Lessee expressly undertakes to cause the sublessee to take such actions, secure such approvals and file such documents as shall be necessary and desirable under such Act to fully protect the interests of the Lessor and the Lessee in the Cars.

Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Cars or possession of the Cars to any corporation incorporated under the laws of any state of the United States of America or the

District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

18. Further Assurances. The Lessee will, at its expense, from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will re-file, re-register, re-record or re-deposit whenever required) any and all instruments required by law or reasonably requested by the Lessor, for the purpose of proper protection, to the satisfaction of the Lessor, of its title to the Cars, or for the purpose of carrying out the intention of this Lease.

The Lessor shall have the right, at anytime during the term of this Lease, to appoint a bank or trust company selected by it to act as agent or trustee for it hereunder.

19. Lessor's Right to Perform and Payments by Lessee. If Lessee fails to make at the agreed time any payments required by this Lease or fails to discharge any of its other obligations contained herein, Lessor may, but shall not be required to, make such payments or discharge such obligations. The amount of any such payment and lessor's expenses, including without limitation reasonable

legal fees and expenses in connection therewith and with such performance, shall be payable by Lessee promptly upon notice from Lessor that such amount is due.

Any provision herein that Lessee shall take any action shall require Lessee to do so at its sole cost and expense. Lessee shall pay Lessor interest at the rate of 10% per annum (to the extent lawful) from the date it is required to make any payment of rent or other amount hereunder to Lessor to the date such payment is made.

20. Renewal, Purchase Option and Appraisal. Provided that the Lessee is not in default hereunder, Lessee shall be entitled at its option, upon written notice to Lessor, at least 120 days prior to the expiration of the original term of this Lease, to elect to extend the term of this Lease in respect of all of the then existing Cars then covered by this Lease on an annual basis at the then fair rental value.

If no Event of Default (or other event which after the lapse of time or notice or both would become an Event of Default) shall have occurred and be continuing and this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option, upon written notice to Lessor at least 120 days days prior to the expiration of the term of this Lease, to purchase all but not less than all of the

Cars leased hereunder at the end of the term of this Lease at a price equal to the "fair market value" of the Cars at the end of such term. On the date of such purchase, Lessee shall pay Lessor the purchase price of all such Cars in cash and Lessor shall transfer title to all such Cars to Lessee WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, ON THE PART OF LESSOR, together with such documents evidencing transfer of title as Lessee shall reasonably request.

The "fair rental value" or "fair market value" of such Cars shall be determined by an appraiser selected by mutual agreement between the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser by a date within 90 days prior to the end of the term, the fair rental value or fair market value, as the case may be, shall be determined by American Appraisal Company. In the event of a purchase the fair market value as finally determined shall bear interest for the period, if any, from the date of expiration of this Lease to the date of payment at the rate of 10% per annum. Unless the Lessee has given the Lessor 120 days' notice as required in connection with exercise of the foregoing options, the Cars shall be returned to the Lessor at the end of the original term.

21. Federal Income Taxes. The Lessor, as the owner of the Cars, shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the "Code"), to an owner of property, including, without limitation, (i) the maximum depreciation deduction with respect to the Cars authorized under Section 167 of the Code based on the aggregate Purchase Price of the Cars utilizing the Asset Depreciation Range lower limit of 12 years as provided in Asset Guideline Class No. 00.25 in accordance with Section 167(m) of the Code employing the double declining balance method of depreciation, switching to the sum-of-the-years-digits method when most beneficial to the Lessor and taking into account an estimated gross salvage value of 20% of the Purchase Price and the allowable reduction in salvage value as provided in Section 167(f) of the Code (such depreciation deduction being hereinafter called the "ADR Deduction"), and (ii) investment tax credit equal to 10% of the Purchase Price of the Cars accepted by the Lessee in 1978 (hereinafter called the "Investment Credit") with respect to the aggregate Purchase Price of the Cars pursuant to Section 38 and related sections of the Code.

The Lessee represents and warrants that (i) at the time Lessor becomes the owner of any Car, such Car will

constitute "new Section 38 property" as defined in Section 48(b) of the Code and no portion of such Car shall have been used by any person so as to preclude the "original use of such property" within the meaning of Sections 48(b) and 167(c)(2) of the Code from commencing with the Lessor, and (ii) at all times during the term of this Lease, such Car will constitute "Section 38 property" within the meaning of Section 48(a)(1) of the Code, and will not be used predominately outside the United States within the meaning of Section 48(a)(2).

If there shall be a disallowance, elimination, recomputation, reduction, recapture or disqualification (hereinafter called "Loss"), in whole or in part, of such Investment Credit or ADR Deduction, the Lessee shall, after written request of the Lessor pay to the Lessor additional rent to compensate the Lessor for the consequent lost cumulative deferral of income tax liability, which may exist thereafter from time to time, as determined by the Lessor. Such additional rent shall be an amount which, after deduction of federal and state, city and local income taxes, interest and penalties (after giving credit for any savings in respect of any such taxes, penalties and interest by reason of deductions, credits or allowances in respect of the payment of any other such taxes arising out of this

transaction) required to be paid by the Lessor with respect to the receipt of such additional rent, will in the reasonable opinion of the Lessor cause the Lessor's net yield in respect of such Cars to equal the net yield that the Lessor would have received if the Lessor had not suffered a Loss with respect to the Investment Credit or the ADR Deduction. Such additional rent shall be paid commencing with the first periodic rental payment due after the Lessor notified the Lessee of the required additional rent. In the event any additional rent is required to be paid pursuant to this Section 20, the Casualty Values set forth in Schedule C shall be revised as necessary to preserve the net after-tax return on the Lessor's investment in the Cars as provided hereinabove.

Notwithstanding the provisions of the immediately preceding paragraph of this Section 20, the Lessee shall not be required to make any payment on account of any Loss with respect to any Car due solely to any of the following:

(a) A Casualty Occurrence with respect to any Car, whereby the Lessee is required by the terms hereof to pay, and shall pay in full, the appropriate Casualty Value, provided, however, that the indemnities set forth in this Section 20 shall continue in effect, notwithstanding such payment of Casualty Value, with respect to the period prior

to the date of payment of said Casualty Value;

(b) At any time while such Car is leased hereunder, and while no Event of Default under this Lease has occurred and is continuing unremedied (without the written consent of the Lessee), the Lessor shall have voluntarily or (except in a case constituting a Casualty Occurrence) involuntarily transferred its interest in such Car to anyone or otherwise shall dispose of any interest in the Car or shall reduce its interest in the profits from the Car, and such transfer, disposal or reduction by the Lessor shall be the cause of the Loss of the Investment Credit or ADR Deduction;

(c) The failure to properly claim the Investment Credit or the ADR Deduction in the tax returns filed by Lessor or the affiliated group of which it is a member or the failure to follow the proper procedure in claiming the same, and such failure to claim or to follow such procedure, as the case may be, shall preclude the Lessor from claiming the Investment Credit or ADR Deduction;

(d) The failure of the Lessor to have any federal income tax liability against which to apply the Investment Credit or the inability of Lessor or any affiliated group of which it is a member to utilize the Investment Credit as a result of the limitation imposed by Section 46(a)(3) of the Code;

(e) Any other act solely of the Lessor which directly causes the Loss of all or part of the Investment Credit or the ADR Deduction; provided, however, that the execution and delivery of this Lease and the other documents herein referred to and the carrying out of the transactions contemplated herein and therein in accordance with the terms of this Lease and such other documents shall not be deemed to have caused the Loss of such Investment Credit or the ADR Deduction under this subparagraph (e).

In the event that the Internal Revenue Service proposes an adjustment on a United States corporation income tax return of the Lessor or any affiliated group of which it may be a member which adjustment, if successful, could result in a loss in whole or in part of Investment Credit or ADR Deduction for which the Lessee would be required to indemnify the Lessor pursuant to this Section 20, the Lessor hereby agrees to exercise in good faith its best efforts, determined by Lessor, in its sole discretion to be reasonable and proper and not requiring administrative or judicial proceedings beyond the level of an Internal Revenue Service examining agent, to avoid requiring the Lessee to pay such indemnity. The Lessor shall advise the Lessee, in writing, of any such proposed adjustment as promptly as possible and shall take no action with respect thereto until 30 days

after the date of such notice, except that the Lessor shall take any and all action necessary to preserve its rights to contest such adjustment during said 30 day period. The Lessor shall permit the Lessee to participate in any discussions with the Internal Revenue Service concerning such proposed adjustment and, at the request of the Lessee, the Lessor shall seek Technical Advice from the Internal Revenue Service National Office with respect to such proposed adjustment. The Lessor shall notify the Lessee of any proposed settlement or other disposition of the proposed adjustment and, to the extent possible, take no action with respect thereto until 30 days from the date of such notice.

The Lessor's obligations (other than Lessor's obligation to notify the Lessee of the proposed adjustment) under the preceding paragraph are conditioned upon the Lessee having first (a) agreed to indemnify the Lessor in a manner satisfactory to the Lessor for any liability or loss which the Lessor may incur as a result of contesting such adjustment and (b) agreed to pay the Lessor on demand all costs and expenses which the Lessor may incur as a result of contesting such adjustment including without limitation (i) reasonable attorneys', accountants', engineers' and like professional fees and disbursements, and (ii) in the event that the Lessor shall elect to contest the adjustment by

paying the tax claimed and then seeking a refund thereof, an amount equal to 10% per annum interest on the amount of such tax computed from the date of payment of such tax to the date of final determination of such adjustment, such amount to be payable in equal installments within each calendar year on the dates on which rent for such period is payable. Upon receipt by the Lessor of a refund of any tax paid by it in respect of which Lessee has paid an amount equal to interest at the rate of 10% while such tax payment was contested by the Lessor, any interest on such refund paid to the Lessor by the United States Government shall be paid to Lessee forthwith upon receipt by the Lessor.

The Lessee's agreement to pay any sums which may become payable pursuant to this Section 20 shall survive the expiration or other termination of this Agreement.

22. Quiet Enjoyment. The Lessor hereby covenants and agrees that, so long as no Event of Default has occurred and is continuing hereunder, it will not interfere with the Lessee's right of quiet enjoyment to the Cars and the Lessee shall be free to use the Cars without any interference whatsoever pursuant to the terms and provisions of this Lease; provided, however, that the Lessor may inspect the Cars as hereinabove set forth.

23. Renegotiation Act. Lessee represents and warrants that each Car will not be used in connection with

the performance of any prime government contract, or subcontract or purchase order thereunder, with respect to which the provisions of the Renegotiation Act of 1951, as amended (the "Act"), are applicable, unless the Lessee shall give notice of such use to the Lessor within thirty (30) days after the commencement of such use or at the date of the commencement of this Lease, whichever shall first occur. If the Car is used in connection with the performance of any prime government contract or subcontract or purchase order thereunder, with respect to which the provisions of the Act are applicable, Lessee hereby agrees to furnish to Lessor, on or before March 1 of each year, all information required to ascertain and determine the extent to which the Car was used, and the percentage of the total use of the Car, as between renegotiable and non-renegotiable contracts during the preceding calendar year. To the extent that the Car is used in connection with the performance of any prime government contract, or subcontract or purchase order thereunder, with respect to which the provisions of the Act are applicable, then, if the profits derived by Lessor from the portion of the rent payable hereunder allocable to the use of the Car on renegotiable contracts shall be determined to be excessive, pursuant to the provisions of the Act, the rent payable hereunder allocable to the use of the Car on

non-renegotiable contracts shall be increased by an amount equal to the amount of any excessive profits required to be withheld from Lessor or required to be repaid by Lessor based on the portion of the rent allocable to the use of the Car on renegotiable contracts. The rent payable hereunder shall be allocable to renegotiable and non-renegotiable contracts based on the respective percentages of use of the Car on renegotiable and non-renegotiable contracts.

24. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mail, first-class certified mail, postage prepaid or, in the event of telegraphic notice, when delivered to the telegraphic office, charges prepaid, addressed as follows:

If to the Lessor:

Pittsburgh National Bank
Leasing Department, 8th floor
5th and Wood Streets
Pittsburgh, Pennsylvania 15222

If to the Lessee:

Itel Corporation, Rail Division
Two Embarcadero Center
San Francisco, California 94111
Attn: Vice President & Treasurer

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

25. Law Governing. This Lease shall be deemed to be a contract under the laws of the Commonwealth of Pennsylvania and shall be governed by and construed in accordance with the laws of such Commonwealth.

26. Miscellaneous. If this Lease or any provision hereof shall be deemed invalid, illegal, or unenforceable in any respect or in any jurisdiction, the validity, legality, and enforceability of this Lease in other respects and other jurisdictions shall not in any way be impaired or affected thereby.

The section headings in this Lease are for convenience of reference only and shall not be considered to be a part of this Lease.

This Lease may be executed in as many counterparts as may be deemed necessary and convenient, by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, and all such counterparts shall constitute but one and the same instrument.

This Lease (including Schedules A, B and C) and the purchase order assignments contain the entire

understanding of Lessor and Lessee with regard to the Lease of the Cars hereunder.

IN WITNESS WHEREOF, the Lessor and the Lessee, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, as of the date first above written.

PITTSBURGH NATIONAL BANK

By Robert T. Smith IV
Title V.P.

(Corporate Seal)

Attest:

James C. Hoff
James Hoff

ITEL CORPORATION, Rail Division

By Edward D. Schneider
Title VP. Treasurer

(Corporate Seal)

Attest:

Daniel N. Karl
Assistant Secretary

STATE OF CALIFORNIA

)

) ss.

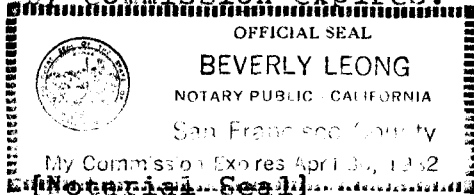
CITY AND COUNTY OF SAN FRANCISCO

)

On this 24th day of August, 1978, before me
personally appeared EDWARD P. SCHNEIDER, to me

personally known, whom, being by me duly sworn, says that he
is Free Agent of Itel Corporation, Rail Division, that
one of the seals affixed to the foregoing instrument is the
corporate seal of the said corporation and that the said
instrument was signed and sealed on behalf of said corpora-
tion by authority of its Board of Directors and he acknowl-
edged that the execution of the foregoing instrument was the
free act and deed of said corporation.

My commission expires:



Beverly Leong
Notary Public

COMMONWEALTH OF PENNSYLVANIA

) ss.
)

On this 22nd day of August, 1978, before me personally appeared Robert F. Smith, to me personally known, whom, being by me duly sworn, says that he is Vice President of Pittsburgh National Bank, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation and that the said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My commission expires:

LINDA JEAN MILLER, Notary Public
Pittsburgh, Allegheny County
My Commission Expires July 13, 1981
Member, Pennsylvania Association of Notaries

[Notarial Seal]

Sandra Jean Miller
Notary Public

Schedule A

PITTSBURGH NATIONAL BANK

5th and Wood Streets
Pittsburgh, Pennsylvania 15222

EQUIPMENT LEASE SCHEDULE

1. DESCRIPTION OF EQUIPMENT: 50 70-ton, 89' 4" Flat Cars bearing identifying numbers PW 105001 through 105050.
2. LOCATION OF EQUIPMENT:
3. TERM: 15 years commencing on October 15, 1978. *RTS*
4. BASIC RENT: A. Total Basic Rent *149,922% of value of equipment lost*
B. Payable in 60 quarterly installments in arrears commencing January 15, 1979 at the rate of 2.4987% each.

August APPROVED AND AGREED TO this 30 day of August, 1978, as Schedule A to and a part of the Equipment Lease Agreement dated as of the 15th day of August, 1978.

PITTSBURGH NATIONAL BANK
Lessor

By *Robert H. Smith IV*
Title *VP*

ITEL CORPORATION, Rail Division
Lessee

By *Edward P. Schmitt*
Title *VP & Treasurer*

Schedule B

PITTSBURGH NATIONAL BANK

Certificate of Acceptance No. _____
Dated this ___ day of _____, 19__
To Lease Between PITTSBURGH NATIONAL BANK
and ITEL CORPORATION, Rail Division

The Certificate of Acceptance is executed pursuant to an Equipment Lease Agreement dated as of August 15, 1978, between Pittsburgh National Bank and Itel Corporation, Rail Division (the "Lease").

The terms used herein which are defined in the Lease shall have the meaning given to such terms in the Lease.

The Lessee does hereby confirm that the Cars set forth below have been delivered as of the above date, that such Cars have been accepted on behalf of Lessor by its duly appointed and authorized representatives, and that the Lease with respect to such Cars shall commence as of such date.

Lessee confirms that such Cars have been examined by duly appointed and authorized representatives of Lessee and such examination shows that the following legend has been affixed to each Car:

Property of and leased from Pittsburgh
National Bank subject to
an agreement filed under the Inter-
state Commerce Act, Section 20c.

Lessee confirms that on the aforesaid date of delivery (i) such Cars were duly accepted by Lessee as Cars for leasing under the Lease, (ii) such Cars became subject to and governed by the terms of the Lease and (iii) Lessee became obligated to pay to Lessor the rentals provided for

in the Lease with respect to such Cars.

APPROVED AND AGREED TO this ___ day of _____,
19__ as a schedule to and a part of the Lease.

ITEL CORPORATION, Rail Division
Lessee and Agent for Lessor

By _____

Title _____